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**CENTRAL INTELLIGENCE AGENCY
NATIONAL FOREIGN ASSESSMENT CENTER**

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Intelligence Memorandum

Prospects for the Inter-Korean Dialogue

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1. A dialogue aimed at reuniting North and South Korea has been an on-again, off-again facet of the political scene on the Korean peninsula since the military armistice in 1953.* Peaceful reunification, however, if it is to occur at all, almost certainly will have to be preceded by fundamental political changes on one or both sides.

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2. North and South Korea view the issue of reunification in sharply differing ways. Reunification on Pyongyang's terms remains the ultimate goal of the North Korean regime, and this objective drives virtually all aspects of foreign and domestic policy. Over the past decade the North has sought secretly to expand and modernize its armed forces. This buildup, which has incurred great economic and social costs, indicates that Pyongyang has not ruled out the use of force in achieving reunification.

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3. South Korea, on the other hand, prefers an indefinite extension of the status quo. Seoul is wary of North Korea's intentions and desires the indefinite basing of US troops in South Korea. Seoul still pays lip-service to the concept of eventual reunification, but the issue has long been supplanted in the minds of most South Koreans by the desire for economic progress and security. [redacted]

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4. Given these circumstances, the leaders of both North and South Korea recognize that reunification is not going to be achieved through negotiations alone. Both sides nevertheless continue to view the dialogue as a useful device for advancing certain interim objectives. For North Korea, the dialogue helps to:

- Reduce pressure for a more permanent "two Koreas" solution arranged by the major powers.
- Encourage further US troop withdrawals.
- Undermine stability and cohesiveness in South Korea. [redacted]

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5. South Korea's objectives are more modest and almost entirely defensive. By engaging the North in a dialogue the Seoul government hopes to avoid:

- A settlement dictated exclusively by the major powers (the North agrees on this point).
- Surrender of the initiative to the North on the reunification issue.
- Any move by domestic opponents to exploit the issue.

Essentially, Seoul is seeking to buy time to gain sufficient economic and military strength to deal with the North from a position of superiority, with or without US backing. [redacted]

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6. In pursuing their dialogue, the North and South Koreans take markedly different approaches. Pyongyang presses for immediate, sweeping political and military measures--the formation of a North-South confederation, a complete dismantling of various anti-Communist institutions and practices in the South, and radical arms reduction. In contrast, the South seeks a step-by-step approach focusing on limited confidence-building measures in the economic and humanitarian sectors. [redacted]

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7. Both Pyongyang and Seoul are capable of considerable tactical flexibility in their bilateral dealings. North Korea, for example, made a significant concession last January when it offered for the first time to open talks at the prime ministerial level, thus going farther than before in recognizing the legitimacy of the Seoul government. The North broke off the preliminary discussions, however, as it became clear that Chun Doo Hwan had consolidated his power in the South. This shift made it clear that Pyongyang was mainly trying to capitalize on the political uncertainty in the South following the assassination of President Park.

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8. This tactical flexibility, however, should not obscure the rigidity of both sides on more fundamental issues. North Korea argues--with some logic--that any negotiations with the South must be oriented toward eventual reunification. Pyongyang's adamancy on this point accounts in large measure for the failure of the two sides to make any progress last spring toward an agreed agenda for a prime ministerial meeting. North Korea also is dead set against any move toward recognition of the two Koreas by the major powers or the admission of both Koreas into the UN. Pyongyang views such steps as tending to freeze the status quo and, hence, reduce its chances of achieving reunification.

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9. South Korea, for its part, is extremely reluctant to discuss military matters with the North. It correctly views North Korea's offer to conclude a peace treaty with the US as a strategem to achieve a unilateral withdrawal of US forces from the South. Given Seoul's deep mistrust of the North, there are no verbal assurances from Pyongyang that Seoul would find adequate to offset the departure of US military units. South Korea also is not ready to discuss a reduction of its own armed forces. To do so, Seoul argues, would lower the morale of the armed forces and stimulate civilian concerns for national security.

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10. North Korea broke off this year's dialogue in late September, and there are no indications that it is planning any early bid to renew the talks. Pyongyang has increased its verbal attacks on the Chun Doo Hwan government and has also resumed inflammatory broadcasts along the Demilitarized Zone and limited agent operations against the South. Nevertheless, it would be premature to assume that Pyongyang has entirely written off discussions with the present regime in Seoul.

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11. For Pyongyang, the pursuit of a dialogue with the South is still an important element of its effort to drive a wedge between Washington and Seoul, obtain the withdrawal of US forces, and isolate South Korea. This patient and persistent strategy contrasts with the tension-building tactics that characterized its behavior during the late 1960s. It apparently reflects Pyongyang's judgment that developments in the South--whether they tend toward greater authoritarianism or a renewal of political unrest--will inevitably lead to new strains between Washington and Seoul. It evidently believes that its own moderate behavior, along with growing disillusionment in the US over events in South Korea, offers the surest path to a loosening of the US-South Korean security relationship. A professed willingness to consider a dialogue with Seoul--even if it means discussions in some manner with the Chun government--remains an important element of this effort to project an image of moderation and reasonableness. Hence, as long as North Korea adheres to this strategy, it will have a strong inducement to renew the dialogue at some point. [redacted]

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12. South Korea, for its part, seems inclined to defer any serious bid for renewed talks with the North until Chun has finished installing a new governing apparatus sometime in mid-1981. Chun reportedly has indicated that he is prepared to show flexibility. He reportedly has shifted the responsibility for the dialogue from the KCIA to the National Unification Commission and has tasked the unification minister to develop some new approaches for inclusion in his inaugural address next summer. Pyongyang in the past has complained about KCIA's role in the dialogue, and by making this organizational adjustment Seoul could improve the climate for a resumption of talks. [redacted]

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13. South Korea's underlying concerns about its security have, if anything, sharpened rather than abated, however. Seoul knows the full magnitude of Pyongyang's military buildup and has seen its own armed forces modernization program fall behind schedule. Moreover, Chun and the younger officers he has moved into position of authority probably have a lower regard for the steadfastness of the US as a military ally. Their appreciation for US military resolve is based not on the Korean War but on the US performance in Vietnam. For these leaders, Washington's efforts to reduce its military presence in Korea and the increase of unofficial contacts with the Kim Il-song regime in North Korea bring to mind the unhappy consequences of US policy in Indochina. These concerns make them even more reluctant to bargain with the North. [redacted]

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